

SCHOOLS FORUM

Meeting date: 3rd July 2020

**From: Dan Barton
Assistant Director – Education & Skills**

PUPIL REFERRAL UNITS FUNDING REVIEW

1.0 EXECUTIVE SUMMARY

- 1.1 *This report informs the Schools Forum that due to a number of factors including the changing role of Pupil Referral Units (PRUs), financial transparency, fairness and budget pressures that there is a requirement to review the PRU budgets to ensure that they have sufficient places to meet need and are adequately funded.*
- 1.2 *It is a requirement that the Schools Forum are consulted on the use of PRUs, the number of places commissioned and the arrangements for top-up funding.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *Ensuring that Cumbrian schools are funded appropriately is supportive of the Council Plan outcome that 'People in Cumbria are healthy and safe.*

3.0 RECOMMENDATION

- 3.1 *The Schools Forum is asked to:*
- *note the report*

4.0 BACKGROUND

- 4.1 The three PRUs have had delegated budgets since 2014/15 and are responsible for all financial decisions necessary to manage and spend budgets effectively in the same way as mainstream schools.
- 4.2 Education provision at PRUs provide for some of the most vulnerable children and young people who have been permanently excluded (PEX) or at risk of exclusion and/or have specific behavioural, social, emotional or medical health (SEMH) needs preventing them from attending a mainstream school. They are funded entirely from the HN Block but like schools are also in receipt

of other grants such as Pupil Premium, Teachers Pay and Teachers Pension grants.

- 4.3 The DfE HN operational guidance sets out the alternative provision (AP) funding arrangements for PRUs which is based on £10,000 per place plus top-up funding. Places, which should be on a full time equivalent basis, are commissioned by the local authority and mainstream schools. The operational guidance recognises that place funding plus top-up may not always be appropriate, for example, where pupils are receiving education off site such as HHTS or where PRUs are providing an outreach service.
- 4.4 Since the PRU budgets became delegated in 2014/15 the dynamics of the education provision has changed and the numbers of pupils that PRUs are supporting on a longer term basis has increased significantly. Likewise there are increasing numbers of pupils with very complex SEMH needs. Although Invest to Save Initiatives funded in 2019-20 and 2020-21 such as the Sandgate Early Intervention Programme and the Greengate Junior behaviour unit are expected to reduce the number of permanently excluded pupils, the impact of these measure is not instant and will not reduce the numbers of PEX pupils until future years. Due to the number of pupils accessing the PRU on a longer term or in some cases a permanent basis the PRUs have limited capacity to provide short stays for fixed term exclusions or part time access to AP commissioned by schools. Therefore, a full review of the PRU budgets is to be undertaken.
- 4.5 The current PRU budgets comprise of three main elements – Short Stay PRU, HHTS and AP/SEMH provision. The basis of the HHTS budget is historical and does not appear to be based on places. The number of funded Short Stay, AP and SEMH places available at each PRU is as follows:

	Short Stay (PRU)	AP	SEMH	Total
North	50	0	0	50
South	50	0	0	50
West	50	25	10	85
Total	150	25	10	185

- 4.6 Places are funded on a full time equivalent basis, this means that a full-time place may be occupied by more than one pupil attending on a part-time basis (for example a place may be filled by a child who attends for 2 days a week from one school and 2 days a week from another school with no pupil present for 1 day a week etc).
- 4.7 In June 2018 Council approved to new AP centres in the North and South of the county creating an additional 30 AP and 50 SEMH places the funding of which will be through a reduction in the number of pupils being placed in expensive independent settings and AP places commissioned by schools. At the time it was anticipated that the opening dates would be September 2020 for the South and Easter 2021 for the North, however, there have been some

delays in identifying suitable sites for the centres and the timeline for opening has slipped, however, once operational the two new AP centres will increase the overall number of AP and SEMH places available in PRUs to 115.

- 4.8 The S251 budget statements at Appendix 1 show the current breakdown of the PRUs budgets for 2020-21 and a comparison to the 2019-20 budgets. Phase 1 of the review has been undertaken and changes have already been made to the place numbers and top-up factors in the PRU and HHTS element of the budgets in 2020-21. This has resulted in a levelling up of funding across the three PRUs resulting in 50 funded short stay places at each PRU and the top-up factors increasing by 4%. The HHTS budgets have been increased by at least 8%. Prior to 2020-21 the PRU budgets (excluding AP) had been capped at 2013/14 budget levels and for 2020-21 this cap has been removed. The redistribution of funding has resulted in an increase in the budgets for the North and South PRUs and a reduction against the West. In order to protect the West budget their funding has been protected at the 2019-20 level. Overall, the review has resulted in an increase in combined PRU and HHTS funding of £0.046m in 2020-21 funded through the additional in HN Block funding in 2020-21.
- 4.9 The S251 Statement forms the core budget for the PRUs however in addition to this EHCP top-up funding has been made available to some of the PRUs. The EHCP top-up funding is managed by the three area inclusion teams. Phase 2 of the PRU funding review aims to ensure that the basis and calculation of EHCP top-up funding is consistent across the three PRUs and to clarify the process for applying for additional funding where needs cannot be met from the existing PRU core budgets.
- 4.10 Since 2017-18 PRUs have been allocated a budget to provide for AP. The West PRU was allocated £1m to provide 10 specialist SEMH places at £45,000 and 25 AP places at £22,000 per place. The North and South PRUs were allocated £0.300m, however, since this initial budget was allocated the North and South PRU have had an increased number of pupils that are permanently on roll and in recognition of this, and in accordance with the HN operational guidance flexibility has been exercised and additional AP budget has been provided on the basis of the actual cost of additional staff required to support those pupils to enable the PRUs to increase their capacity ahead of the new AP centres opening. This is a temporary arrangement and a review of the AP funding arrangements and the number of places for all three PRUs will be conducted ahead of the opening date for the two new AP centres and will form Phase 3 of the review to ensure that the AP budgets are allocated on an equitable and transparent basis.
- 4.11 Phase 2 of the review will be completed as soon as is practical and Phase 3 will require further co-operation from the PRUs in terms of financial transparency around the operating costs for the AP provision and the numbers of full time equivalent pupils being supported. The charging policy for the use of the PRU, AP and the HHTS will form part of this review. It is envisaged that this will be completed in readiness for the 2021-22 financial year.
- 4.12 As reported in the HN Block Outturn 2019-20 and Recovery Plan paper there remains a significant gap between the HN Block funding available and the forecast spend in 2020-21 and future years and therefore there is limited scope to increase the PRU budgets which would need to be found from

savings against existing HN budgets and take into account the financial impact on the HN recovery plan, the DSG settlement for 2021-22 and the Teacher Pay and Teacher Employer Pension Contribution grants which are to be rolled into the national funding formula from 2021-22.

5.0 OPTIONS

- 5.1 Schools Forum are asked to note the report notifying them of the PRU funding review.

6.0 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 6.1 Resource and value for money implications are considered throughout this paper. The PRU budgets are fully funded from the HN Block which as at 31st March 2020 had a deficit of £11.022m and this combined with a surplus of (£4.031m) against other DSG central budgets gives an overall DSG deficit of £6.991m.
- 6.2 Following changes to legislation is it a requirement that any overspend against the DSG from 2019-20 is carried forward and deducted from the DSG budget available in 2020-21 whole or in part or in whole in 2021-22. The DSG settlement and the split of funding between the 4 DSG blocks for 2021-22 is not yet known however due to the significant size of the deficit and the DfE requirement to manage down the DSG deficit any change to the PRU budgets following review must be carefully considered in the context of this requirement.

7.0 CONCLUSION

- 7.1 This paper informs the Schools Forum of the PRU budgets review.

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Appendices:

Appendix 1 – S251 PRU Budget Statements 2020-21 and 2019-20